



United States Department of Agriculture  
Risk Management Agency

March 2005

## 2005 COMMODITY INSURANCE FACT SHEET

# Nursery

Illinois

Indiana

Michigan

Ohio

### Crop Insured

The crop insured will be all the nursery plants in the county (container and field grown) that are listed on the Eligible Plant List and Plant Price Schedule, and that meet all the requirements for insurability.

### Counties Available

Nursery crop insurance is available in all counties of the USA, if specific criteria are met. Please contact your agent.

### Causes of Loss

Adverse weather conditions  
Delay in marketability of plants due to an insured cause of loss  
Earthquake  
Failure of irrigation water supply, if applicable, due to an unavoidable cause of loss occurring within the insurance period  
Fire\*\*  
Insects\*  
Plant disease\*  
Volcanic eruption  
Wildlife

All specified causes of loss must be due to a naturally occurring event.

\*But not damage due to insufficient or improper application of pest or disease control measures.

\*\*If weeds and undergrowth near the plants are controlled.

### Insurance Period

Coverage begins 30 days after acceptance of the application or October 1 for subsequent crop years and ends at the earliest of: (1) the date of final adjustment of a loss when total indemnities due equal the amount of insurance, (2) Removal of bare root plants from the field or plant material (container) from the nursery, or (3) 11:59 p.m. on September 30.

### Reporting Requirements

**Acreage Report** - You must timely provide to your insurance provider a nursery plant inventory value report.

### Important Dates

Sales Closing .....	May 31
Cancellation.....	September 30

### Definitions

**Amount of Insurance** - The result of multiplying the full value of all insurable plants in each basic unit by coverage level percentage you elect, multiplied by your price election, multiplied by your share.

**Plant Inventory Value Report** - The report submitted by the insured that declares the dollar value of insurable plants.

**Additional Coverage** - 50, 55, 60, 65, 70, or 75 percent of the plant inventory value and up to 100 percent of the prices listed in the Eligible Plant Listing/Plant Price Schedule.

**Catastrophic Coverage** - 50 percent of your plant inventory value and 55 percent of the prices listed in the Eligible Plant Listing/Plant Price Schedule.

## Coverage Levels and Premium Subsidies

Instead of guaranteeing production, the policy guarantees a dollar amount of coverage, depending on the level of coverage selected. Crop insurance premiums are subsidized as shown on the following page. For example if you select the 75-percent coverage level, the premium subsidy is 55 percent and your premium share is 45 percent of the base premium.

Item	Percent					
Coverage Level	50	55	60	65	70	75
Premium Subsidy	67	64	64	59	59	55
Your Share	33	36	36	41	41	45

The total cost for CAT coverage will be an administrative fee of \$100 per crop per county, regardless of the acreage. All other coverage levels require a \$30.00 administrative fee.

## Price Elections

The allowable percentage of the prices shown in the plant price schedule that you elect and that is used to determine the amount of insurance and any indemnity.

## Loss Example

A loss occurs when the crop value falls below the guaranteed dollar amount as a result of damage from a covered cause of loss. This example assumes 75-percent coverage level and a 75-percent price election.

\$100,000	Plant inventory value
<u>x .75</u>	Coverage level
\$75,000	Insurable inventory
<u>x .75</u>	Percentage price election
\$56,250	Unit amount of insurance

In the event of a loss:

\$100,000	Field market value before loss
<u>-\$50,000</u>	Field market value after loss
\$50,000	Value of loss
<u>-\$25,000</u>	Deductible*
\$25,000	Adjusted loss
<u>x .75</u>	Price election
<b>\$18,750</b>	<b>Final indemnity (before premium)</b>

\*Deductible = 1 minus the percent of coverage level times the plant inventory value, i.e.

$$1 - .75 = .25$$
$$.25 \times \$100,000 = \$25,000$$

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